



November 1, 2022

There are several questions I am frequently asked about the work of the Fire Victim Trust (FVT) and its progress in paying fire victims for losses suffered from the 2015-2018 Northern California fires. The most common question relates to our holding of PG&E stock and when we're going to sell more shares to put more funding into the Trust. In this month's post, I am going to try to explain how we think about PG&E stock in the Fire Victim Trust and how it impacts claimants.



When the Bankruptcy Court authorized creation of the FVT, it approved its funding half in cash and half in equity (PG&E stock). Especially in light of the turbulent stock market, we are challenged to determine the precise time at which to sell the PG&E stock to secure the highest possible value for Fire Victims. Since July 2020 when the Trust was founded, there have been several such opportunities and in October, for example, market conditions were right to sell 70 million shares, adding nearly \$1 billion cash into the fund. We also received good news recently that the S&P 500 added PG&E stock to its index. Our financial advisers believe that will have a positive effect on the share price as it will force passive index fund managers to purchase the company's stock.

But selling stock is a complicated exercise when your position is as large as the Trust's and your priority is to maximize returns. Unloading all of the stock in a single sale, as some have suggested, so that Fire Victims can get paid and be done with their claims, would not be in anyone's best interest. It would significantly drive down the price of PG&E stock, likely before the sale even occurs. Therefore, it's not just a question of timing sales but also calibrating how much you can sell at one time without flooding the market and depressing the value of the stock. The FVT is working with its financial advisors to monetize its shares in a responsible manner, taking into account price, market share and the needs of the victims. There will be stock sales in the future, but we cannot predict the timing of those sales other than to say we diligently monitor the market and are ready to act when the circumstances are right.

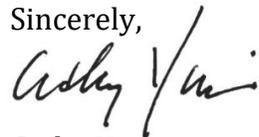
I also want to address a related question on payments and why people have only been partially compensated on their claims. The Trust is a limited fund, meaning it has finite money. And the bankruptcy laws, court order, and the Trust Documents require that we administer claims and pay eligible Fire Victims each an equal proportion of their awards. This is what we mean when we use the term *pro rata*. No matter whether your claim is the

first claim to receive a notice or the last one, you will receive the same *pro rata* percentage as everyone else. With the Trust's cash assets, we know we can safely pay all claimants at least 45% of their awards even before selling additional stock. As we move forward and are able to sell more stock, the Trust will increase the *pro rata* payment percentage, resulting in higher payments to all Fire Victims.

Please know we continue to make good progress in issuing determinations and making payment on claims overall. As of November 1, 86% of the total claims have been determined; over 50,000 claimants have received payments; and the total amount of payments issued is now at \$5.36 billion.

I look forward to connecting again in December.

Sincerely,

A handwritten signature in black ink, appearing to read "Cathy Gianni". The signature is written in a cursive style with a large, sweeping initial "C".

Cathy Gianni